

# THE LOCAL CHOICE HEALTH BENEFITS RENEWAL

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## 2003/2004 Program Overview and Instructions

This package provides an overview of The Local Choice (TLC) benefit plans available in your area and the necessary information to renew your health care program with TLC effective July 1, 2003 (October 1, 2003 for certain school groups).

Anthem Blue Cross and Blue and Shield continues to administer our self-funded, Statewide Plans. These include Key Advantage, Key Advantage Expanded, and Cost Alliance with Dental in our **Standard Package** and the **Value Package** that includes KeyShare, KeyShare with Expanded Benefits and Value Alliance with Dental Benefits. You may pick from *either* the Standard Package or the Value Package. The benefits from the two packages *cannot* be mixed.

Magellan Behavioral Health will continue to administer Mental Health and Substance Abuse coverage for our self-funded plans.

A fully insured HMO is offered by Kaiser Permanente in Northern Virginia, Washington D.C., and parts of Maryland. Information on this plan and service area is included for your review, if applicable to your area.

The TLC program continues to enjoy significant growth. Today, TLC has 222 member groups with over 37,000 enrolled employees, retirees and family members covered by our plans. The majority of these groups are covered by Key Advantage or Key Advantage with Expanded Benefits. However, given the rising cost of health care, renewal consideration should be given to Cost Alliance, the Value Package choices and our fully insured options.

### **EMPLOYER-SPECIFIC PROGRAM DESIGN**

- Our renewal package provides an outline of program requirements for renewal of The Local Choice Health Benefits program.
- An employer has the option of changing program benefit design during this renewal process. Provided in this package are the monthly rates and benefit outlines for all TLC plans available in your area. Groups with 25 or fewer eligible employees may select only one benefit plan.
- An employer may change its definition of eligible employees and retirees. Written notification of any changes must be submitted to the Department of Human Resource Management (DHRM) with your Renewal Employer Data Sheet. DHRM will review the changes for compliance with state regulations.
- If a local employer with more than 50 participating employees offers the Standard Package or the Value Package to retirees not eligible for Medicare, they may blend that premium with the active employee premium. A premium that is currently blended may not be separated. Beginning on July 1, 2002, our 50 and under pool was adjusted to

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automatically incorporate blended premiums for early retirees. Groups with 50 or more covered employees will maintain their ability to choose stand-alone or blended rates. Retiree coverage is not automatically provided. A Local Employer must choose to offer retiree coverage.

- In order for a local employer to offer coverage to retirees eligible for Medicare, the Standard Package or The Value Package must be offered to active employees. Regional plans may also be offered to retirees not eligible for Medicare but cannot be offered to Medicare eligible employees or dependents. Coverage must be offered to retirees not eligible for Medicare for a group to offer coverage to Medicare eligible retirees.

### **STATEWIDE BENEFIT PLANS ADMINISTERED BY ANTHEM BLUE AND CROSS BLUE SHIELD**

Benefit plans administered by Anthem Blue Cross and Blue Shield include the **Standard Package** (Key Advantage, Key Advantage with Expanded Benefits, and Cost Alliance with Dental) and the **Value Package** (KeyShare, KeyShare with Expanded Benefits and Value Alliance with Dental).

For groups currently offering coverage to retirees eligible for Medicare, Medicare Complementary, Advantage 65 and Advantage 65 with Dental/Vision plans continue to be available. However, groups adding retiree benefits to their program for the first time may offer only Advantage 65 or Advantage 65 with Dental/Vision. A Local Employer may also add Dental/Vision coverage to the current Advantage 65 contract. It is important to remember that a Local Employer may select only one plan for Medicare eligible retirees.

All plans administered by Anthem Blue Cross and Blue Shield contain the outpatient three tier prescription drug program, including the home delivery pharmacy.

The Standard Package and the Value Package plans include an Employee Assistance Program (EAP) and Mental Health and Substance Abuse coverage, both administered by Magellan Behavioral Health.

### **A BRIEF OVERVIEW OF THE PLANS**

#### **STANDARD PACKAGE**

##### **Statewide Key Advantage:**

- Statewide provider network
- Out of network benefits provided at 75% of the allowable charge
- BlueCard PPO network available outside of Virginia
- Outpatient three-tier prescription drug program included
- Preventive and primary dental benefits included
- Employee assistance, mental health and substance abuse benefits included

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Optional **Key Advantage Expanded** benefits available at additional premium (group level selection only) include:

- Major restorative and orthodontic dental services
- Routine vision benefits
- Preventive care screenings and tests
- Immunizations and vaccines

### **Statewide Cost Alliance:**

- Statewide provider network
- No out of network benefits
- Outpatient three-tier prescription drug program included
- Lower cost plan than Key Advantage
- Employee assistance, mental health and substance abuse benefits included
- Dental benefits (preventive, primary, major restorative and orthodontics services)

## VALUE PACKAGE

### **Statewide KeyShare:**

- Lower premium achieved through cost sharing with deductible and co-insurance in addition to physician co-payments that are not subject to deductible or co-insurance
- Statewide provider network
- BlueCard PPO network available outside of Virginia
- Out of network benefits provided at 75% of the allowable charge
- Outpatient three-tier prescription drug program included
- Preventive and primary dental benefits included
- Employee assistance, mental health and substance abuse benefits included
- Preventive care screenings and tests
- Immunizations and vaccines

Optional **KeyShare Expanded** benefits available at additional premium (group level selection only) include:

- Major restorative and orthodontic dental services
- Routine vision benefits

### **Statewide Value Alliance:**

- Lower premium achieved through cost sharing with deductible and co-insurance in addition to physician co-payments
- Statewide provider network
- Out of network benefits for emergency only

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- Outpatient three-tier prescription drug program included
- Employee assistance, mental health and substance abuse benefits included
- Dental benefits - preventive, primary, major restorative and orthodontics services included

### STATEWIDE MEDICARE RETIREES PLANS

Please note that plans for Medicare Eligible Retirees require group participation in either the Standard Package or the new Value Package plans.

Medicare Complementary, Advantage 65 or Advantage 65 with Dental/Vision benefit plans are available to those groups that currently offer coverage to Medicare eligible retirees. The Medicare Complementary plan is no longer available to groups adding retiree coverage, however if your group currently provides this option, it may be continued. Comparisons of these plans are found in the Benefit Summary section. **These plans are available if your active employees are enrolled in an Anthem Blue Cross and Blue Shield administered plan and you elect to offer coverage to both Retirees Not Eligible for Medicare and Retirees Eligible for Medicare.**

#### **Advantage 65:**

- Supplemental health benefits for your Medicare eligible retirees. Outpatient drug and out-of-country benefits are included in the plan.

#### **Advantage 65 with Dental/Vision:**

- As a group option, you may elect Dental/Vision coverage along with Advantage 65.

**Dental:** Plan pays 100% of Allowable Charge (AC) for diagnostic and preventive services and 80% of AC for primary services. Plan maximum: \$1200 per member per calendar year.

**Vision:** Once every 24 months, the plan pays up to \$40 for one routine exam, up to \$75 for one pair of frames, up to \$50 per pair of single lenses, up to \$75 per pair of bifocal lenses, up to \$100 per pair of trifocal lenses, and up to \$100 per pair of contact lenses.

**Note: Only one retiree option may be offered by an employer**

### **Three Tier Prescription Drug Coverage for all Statewide TLC Plans**

Prescription drugs are now divided into three-tiers or categories and you pay the appropriate co-payment by tier. To determine in which tier a prescription drug falls, go to [www.anthem.com](http://www.anthem.com). Once on the site, select "Members & Consumers", and then choose "Virginia." On that page select the link to the Commonwealth of Virginia and The Local Choice page. Once there, choose the Prescription Drug Program and then select the

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Interactive Drug Database (The Local Choice three-tier drug list). You may view the most current drug list either alphabetically or by therapeutic category.

	<b>First Tier</b> Co-payment Typically Generic Drugs	<b>Second Tier</b> Co-payment Lower Cost Brand Name Drugs and Some Generic Drugs	<b>Third Tier</b> Co-payment Typically Higher Cost Brand Name Drugs
Participating Retail Pharmacy Per 34-day supply *	\$15	\$20	\$35
Home Delivery Pharmacy Up to 90-day supply	\$18	\$33	\$63

\*A 34- consecutive-day supply (other than insulin) cannot exceed 120 units or 500 milliliters of a drug. A 34-consecutive-day supply of insulin will be limited to two 10-milliliter vials.

Medicare eligible monthly premiums, effective July 1, 2003 will not increase over last year's rates. They remain:

Medicare Complementary      **\$246**  
Advantage 65 with Dental/Vision   **\$300**

Advantage 65   **\$275**

### REGIONAL PLAN

#### **Regional HMO service area and plan available:**

○ Northern Virginia - Kaiser Permanente

*A more detailed outline of the service areas may be found in the Kaiser HMO brochure.*

Out of network benefits are available only in the event of life threatening emergency or urgent care while outside of the service area. Prescription drug and dental benefits are also included.

### **EMPLOYER OFFERINGS**

Larger employers may offer employees one plan or a combination of plans. Please note that only one Package may be offered and only one Key Advantage or KeyShare plan may be offered within that package. You may choose from:

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<u>Standard Package</u>	<u>Value Package</u>
Key Advantage	KeyShare
Key Advantage Expanded	KeyShare Expanded
Cost Alliance	Value Alliance
Key Advantage and Cost Alliance	KeyShare and Value Alliance
Key Advantage Expanded and Cost Alliance	KeyShare Expanded and Value Alliance
Regional HMO Plan	Regional HMO Plan

- You may pick from either the Standard Package or the Value Package. The two packages cannot be mixed.
- The HMO plan, if available in your area, may be offered in combination with Standard or Value Packages or as a stand-alone option.
- Groups with 25 or fewer eligible employees may offer only one benefit plan.
- Groups with 26 to 100 eligible employees may offer up to two plan options.
- Groups with more than 100 eligible employees may offer up to three plan options.

### COMMONHEALTH

The CommonHealth wellness program is a value-added benefit available at no cost to all TLC member groups. (A small charge may be made to the employee for participation in various programs.) CommonHealth provides medical screenings, health risk appraisal, Baby Benefits (pre-natal risk management), weight loss, and stress management as well as other Health and Wellness programs. Since wellness programs often can help control claims costs, we strongly encourage you to take advantage of this program. The CommonHealth program is provided and administered by Continental Health Promotion, Inc. and all employees and their dependents covered by any TLC program are eligible to participate.

### PREMIUM DEVELOPMENT

Rates for the self-insured Standard Package or Value Package plans are based on the following rating pools in addition to group demographics.

#### Rating Pools

- Community or pooled - group size of 1 through 49 employees
- Experience Rated

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<u>Group Size</u>	<u>Credibility Factor</u>
◆ 50 - 99	41% of the group's medical/surgical experience
◆ 100 - 149	58% of the group's medical/surgical experience
◆ 150 - 199	71% of the group's medical/surgical experience
◆ 200 - 249	82% of the group's medical/surgical experience
◆ 250 - 299	91% of the group's medical/surgical experience
◆ 300+	100% of the group's medical/surgical experience

- Experience rating applies to Medical/Surgical components only. Mental Health and Substance Abuse, Prescription Drugs or Dental claims are pooled, based on the combined experience of all TLC groups, regardless of size.
- Other key medical-surgical components in your renewal include an annual trend factor of 12%. Medical/Surgical attachment points remain \$50,000 for groups with fewer than 300 participating employees and \$70,000 for groups with greater than 300 participating employees.
- Monthly employee plus one and family rates are calculated as a factor of the single employee rate. The relationship between the single, dual, and family rates remain the same as in the current plan year: single = 1, employee plus one = 1.85 X single rate, and family = 2.70 X single rate.
- The regional Kaiser HMO plan is pooled and fully insured by the carrier.

### EMPLOYER CONTRIBUTION

Required minimum employer contributions remain unchanged.

- Full time single - 80%
- Additional cost of dependent coverage - 20% if applicable
- Part-time single - 40%
- Additional cost for part time dependent coverage – 10% if applicable

*If 75% of all eligible employees enroll, the dependent contribution requirement may be waived.*

### RENEWAL ACCEPTANCE

To renew your coverage with The Local Choice program complete the enclosed Employer Renewal Data Sheet and return it to TLC in the envelope provided. DHRM must receive the completed forms by Monday, **April 1, 2003**. The Department will consider an extension of this deadline only with your written request. **An extension of the response deadline does**

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**not eliminate or delay the 90-day notice requirement for termination of your program as outlined below.** You will receive a letter from DHRM confirming your renewal, benefits plans, premiums and employer contribution requirements.

### **RENEWAL ENROLLMENT PROCESS**

After DHRM has confirmed your renewal information, open enrollment materials may be ordered based on the benefit plans you have selected and your current enrollment. Our Materials Order Form is enclosed for your convenience. Renewal enrollment meetings may be held at your convenience from April 1, 2003 through May 15, 2003. Representatives from the carriers you select will be available to assist you with your renewal enrollment process but you must contact them and make the appropriate scheduling arrangements. Anthem may be contacted at (804) 354-7208. Kaiser may be reached at (703) 873-1503.

All selected carriers must receive completed Enrollment forms for individual changes by **June 3, 2003. If you continue to offer the same program choices, we do not require a complete re-enrollment. If different selections are made a re-enrollment is necessary.** For some school systems the deadline is September 2, 2003 for an October 1, 2003 renewal date.

### **TERMINATION**

If you choose to terminate participation in The Local Choice Health Benefits program, DHRM must receive written notification at least **90 days prior** to the date of termination. Please note that the 90-day notification will not be extended by a request to extend the April 1, 2003 renewal deadline. **A terminating Local Choice group will receive notification of any adverse experience adjustments within 90 days of the end of the plan year in which termination took place.** Please reference 1 VAC 55-20-160, 1 VAC 55-20-290 and 1 VAC 55-20-300 of the Virginia Administrative Code governing the program. You must make arrangements to pay any adverse experience adjustment within 31 days of receipt of the Adverse Experience Adjustment Notice.

### **THE LOCAL CHOICE SUPPORT**

Your Anthem Blue Cross and Blue Shield and Kaiser HMO representatives are available to assist you with the details of your renewal. If you need support in the area of program benefits or policy administration, please contact Walter Norman, TLC Program Manager at (804) 786-6460 or Bill King, Senior Benefits Specialist at (804) 371-6211. You may also send inquiries by e-mail to [tlc@dhrm.state.va.us](mailto:tlc@dhrm.state.va.us).

Thank you for your continued support of The Local Choice program.